

PRESS RELEASE

Chairman SEC Meets Representatives of Insurance Companies in Lahore

LAHORE – 10 March 2004: The Chairman Securities and Exchange Commission of Pakistan (SEC), Dr. Tariq Hassan, has advised insurance companies with paid up capital less than the required minimum level of Rs. 80 million to step up their efforts to meet the threshold by 31 December 2004.

Dr. Hassan said this during his meeting with the representatives of private sector general insurance companies to discuss the issues being faced by the industry. This meeting held in Lahore, was in continuation of his earlier meetings with the leading insurance companies held on 12 December 2003 and 16 January 2004, at Karachi. Participants of the meeting included CEOs and representatives of non-life insurance companies, including Asia, Business & Industrial, Capital, Credit, Cooperative Insurance Society of Pakistan, National General, North Star, Pakistan General, Pak Equity, Pakistan Mutual, Silver Star and United.

Dr. Hassan encouraged companies to submit their action plans, including proposals for mergers, wherever possible, as to how these companies were planning to raise their capital base to the required minimum level. At the same time, he also reminded/reiterated that no relaxation would be given in this regard since there was no such provision under the Insurance Law.

An important issue discussed during the course of the meeting was the banks' limit allocated, particularly, to small and medium size insurance companies. The Chairman SEC assured the representatives of the insurance companies that he would look into the issue and take it up with the State Bank of Pakistan and the commercial banks, if there was a merit in this case.

The meeting also discussed wide-ranging issues, *inter-alia* taxation of the income of the insurance companies, including capital gains tax. The participants were told that these issues had already received attention of the SEC and the proposals formulated in consultation with the industry had been sent to the Central Board of Revenue and were being considered by the tax authorities.